

Message Text

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70

ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 INT-05

PA-01 PRS-01 USIA-06 H-01 L-02 CIAE-00 INR-07 NSAE-00

COME-00 FRB-03 /076 W

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R 291900Z JAN 75

FM AMEMBASSY KINGSTON
TO SECSTATE WASHDC 6801

CONFIDENTIAL KINGSTON 388

EO 11652: GDS

TAGS: EMIN, JM

SUBJECT: BAUXITE

1. IN A CONVERSATION WITH CHARGE JANUARY 27 MEYER MATALON REPORTED REYNOLDS NEGOTIATIONS ARE GOING WELL AND HE HOPED TO FIRM UP A HEADS OF AGREEMENT WITH REYNOLDS THIS WEEK. HE SAID RICHARD REYNOLDS WAS SCHEDULED TO ARRIVE IN JAMAICA JANUARY 29 OR 30 TO MEET WITH PM MANLEY ON OUTSTANDING ISSUES AND, PRESUMABLY, BLESS THE FINAL SETTLEMENT. MATALON SAID THE REYNOLDS AGREEMENT WILL BE BROADLY PARALLEL TO THE KAISER SETTLEMENT. POINTS ON WHICH AGREEMENT NOT YET REACHED INCLUDE THE REVENUE FORMULA AND COMMITMENT OF RESERVES. ON REVENUE REYNOLDS IS INSISTING ON THE SAME FORMULA AS KAISER WHILE THE GOJ IS RESISTING MORE TO PROTECT THE PRINCIPLE THAT ALL COMPANIES NEED NOT REPEAT NOT ENJOY THE SAME PRIVILEGES THAN OUT OF A DESIRE FOR HIGHER REVENUES. ON RESERVES, GOJ IS PREPARED TO COMMIT 40 YEARS OF RESERVES TO REYNOLDS AT CURRENT RATES OF EXPLOITATION BUT IS SEEKING A GUARANTEE FROM REYNOLDS THAT THOSE RESERVES WILL IN FACT BE EXPLOITED IN THE COURSE OF THE 40 YEAR PERIOD. REYNOLDS DISLIKES THIS TIT FOR TAR FORMULA AS ANOTHER DOWNSIDE CONSTRAINT AND BECAUSE CONFIDENTIAL

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KAISER AND REVERE WERE NOT SUBJECTED TO IT

2. IN A JOCULAR MOOD, MATALON SAID HE FELT HE DESERVED SOME RECOGNITION FROM THE UNITED STATES GOVERNMENT FOR PERSUADING OTHER IBA MEMBERS TO TAILOR THEIR DEMANDS ON THE COMPANIES TO THE JAMAICAN FORMULA MAKING ALLOWANCES FOR DIFFERENCES IN PRODUCTION AND TRANSPORTATION COSTS. IN THIS WAY HE FELT HE HAD PREVENTED THE KIND OF LEAP-FROGGING ESCALATION WHICH MIGHT WELL HAVE OCCURRED.

3. ON FUTURE PLANS, MATALON SAID HE WOULD OPEN NEGOTIATIONS WITH ALCAN NEXT, LEAVING ALPART AND ALCOA FOR THE LAST. HE GAVE NO REASON FOR THIS PLANNING WHICH DIFFERES FROM THE EARLIER SCENARIO INDICATING THAT ALPART WOULD FOLLOW REYNOLDS TO THE NEGOTIATING TABLE. HEWITT

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